

Bovis Corporation Limited / 1973 Annual Report

AR32



BOVIS HOUSING DIVISION McNAMARA CORPORATION LIMITED
FEDERAL EQUIPMENT DIVISION SOLIM DEVELOPMENT LIMITED
McNAMARA MARINE DIVISION PRODUCTS DIVISION
BOVIS COMMERCIAL PROPERTY DIVISION PROPERTY DIVISION
DON SHAVER CONSTRUCTION COMPANY BOVIS COMMERCIAL
BOVIS RESIDENTIAL PROPERTY DIVISION McNAMARA INDUSTRIES
McNAMARA CONSTRUCTION OF NEWFOUNDLAND T.B. REALTY LIMITED
TWENTIETH CENTURY FINANCE CORPORATION LIMITED KEELE LUMBER
CARTIER CONSTRUCTION CORPORATION B. D. BOHNA AND CO. LTD.
McNAMARA CORPORATION OF CALIFORNIA McNAMARA CORPORATION
BOHNA ENGINEERING AND RESEARCH NEWFOUNDLAND LIMITED
THE GENERAL SUPPLY COMPANY OF CANADA (1973) LIMITED

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Corporate Offices

255 Consumers Road, Willowdale, Ontario
Telephone: (416) 493-2770 – Telex: 06966856

AUDITORS:

Touche Ross & Co.

BANKERS:

The Royal Bank of Canada
The Bank of Nova Scotia
The Mercantile Bank of Canada

TRANSFER AGENT AND REGISTRAR:

Crown Trust Company
302 Bay Street, Toronto, Ontario

TRANSFER AGENT (U.S.A.):

The Bank of New York, 90 Washington Street
New York City, New York

BONDING COMPANY:

Travelers Indemnity Company of Canada



ABOUT THE COVER:

Our cover design and above photos are a visual representation of the operating divisions and subsidiaries of Bovis Corporation Limited. The "Hummingbird" is our trademark. It is colourful, instantly identifiable and has the principal characteristics associated with our Bovis Group. Speed – Energy – Strength – Vitality

AR32



SHARE CERTIFICATE EXCHANGE
GUNNAR MINING LIMITED SHARE CERTIFICATES
MAY BE EXCHANGED, ON A SHARE-FOR-SHARE
BASIS, FOR BOVIS CORPORATION LIMITED
CERTIFICATES BY FORWARDING THEM TO:

CANADIAN SHAREHOLDERS
STOCK TRANSFER DEPARTMENT
CROWN TRUST COMPANY
302 BAY STREET
TORONTO, ONTARIO

U.S. SHAREHOLDERS
CORPORATE AGENCIES ADMINISTRATOR
BANK OF NEW YORK
90 WASHINGTON STREET—6th Floor
NEW YORK, N.Y. 10015

Bovis Corporation Limited
and
McNamara Corporation Limited

255 Consumers Road
Willowdale, Ontario
Telephone - 493-2770

Bovis Corporation Limited

Interim Report to Shareholder

Six Months

Ended June 30, 1973

Bovis Corporation Limited and Wholly-Owned Subsidiaries

Report to Shareholders

Profits from second quarter 1973 operations were \$538,000 offsetting the first quarter 1973 loss of \$506,000, resulting in unaudited earnings of \$32,000 for the six months to date. This compares most favourably with the net loss for the first half of 1972 of \$447,000. The results are all the more gratifying when it is recognized that first half 1972 figures included profits at \$545,000 from Heavy Construction operations which have since been terminated.

All subsidiaries and divisions continue to perform above earlier forecasts, and your Management is confident that the Company's percentage increase in year-end profits will be in line with the 47% achieved in 1972 over 1971. Marine dredging is going well in the Toronto Harbour, and we were recently awarded the new contract for the Tobermory dock facility worth \$1.7 million. McNamara Newfoundland have been awarded new contracts in excess of \$4 million over the past few weeks. Our new roof truss operation is now in production at Keele Lumber, and the Supply Companies generally are performing well above last year's results.

Models are well underway at "Allandale Highlands" in Barrie, and pre-sales are very encouraging. The new Commercial and Industrial Division has acquired five new commercial sites in Metro Toronto and a major new industrial complex is planned for land acquired on the Trans-Canada Highway at Pointe Claire.

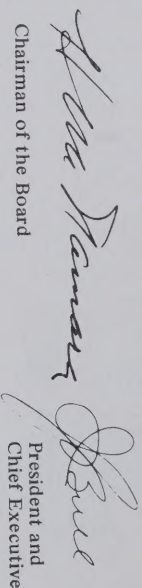
On May 23rd, 1973, your Company announced jointly with *Consolidated Building Corporation Limited* of Toronto, Bovis Corporation's intent to acquire 1,200,000 treasury shares of *Consolidated* at a price of \$3.75, giving Bovis a 20% interest in *Consolidated Building* with options to acquire further shares from Mr. Lawrence Shankman, President and Chief Executive of *Consolidated*, over the next five years. Subject to ratification by the shareholders of *Consolidated*, Mr. Shankman and Bovis Corporation will form a voting trust

which will represent over 40% control of *Consolidated*. *Consolidated Building* recently announced audited financial results for the year ended February 28th, 1973 declaring profits of \$1,337,000, 2½ times growth compared to 1972 profits at \$519,180. The future earnings projections for *Consolidated*, like your own Company's forecasts, are very impressive.

Finally, reaffirming their faith again in the current year and future prospects of Bovis Corporation, Bovis Limited of London, England, will be exercising their option on 1,700,000 treasury shares of Bovis Corporation on August 31st, 1973 at \$3.00, representing an additional equity infusion into your Company of \$5,100,000.

Management believes that all shareholders should be able to look forward to an improvement in the trading value of Bovis Corporation shares on the Toronto Stock Exchange which must shortly reflect these impressive strides in your Company's growth in Canada.

On behalf of the Board


 Chairman of the Board President and Chief Executive

Unaudited Consolidated Statement of Income

for the six months ended June 30, 1973
 (with comparative figures for 1972)

	1973	1972
Gross Revenue, including \$1,888,000 as share of Joint Venture revenue (1972 - \$1,330,000)	\$16,011,000	\$15,183,000
Profit from Operations before undernoted charges	814,000	341,000
Interest Expense - Term Bank Loans	102,000	98,000
Depreciation	680,000	690,000
Net Profit (Loss) to June 30	\$ 32,000	\$ (447,000)

Unaudited Consolidated Statement of Source and Application of Funds

for the six months ended June 30, 1973
 (with comparative figures for 1972)

	1973	1972
Funds were provided from:		
Net profit (loss) from operations	32,000	(447,000)
Add non cash items:		
Depreciation	680,000	690,000
	712,000	243,000
Increase (decrease) in accounts payable	1,997,000	(823,000)
Sales of fixed assets	36,000	431,000
Repayment of loans re share participation plan ...	21,000	-
	2,766,000	(149,000)
Increase in bank borrowings	6,634,000	4,216,000
	\$ 9,400,000	\$ 4,067,000
Funds were applied to:		
Purchase of fixed assets	922,000	693,000
Investment in and advances to non-consolidated subsidiary	750,000	-
Reduction of term bank loan	-	69,000
Increase in accounts receivable	1,232,000	46,000
Increase in inventories and work in process	1,339,000	395,000
Increase in advances to joint ventures	634,000	1,621,000
Increase in prepaid rents and other	96,000	601,000
Increase in houses under construction and land under development less related mortgages payable	2,523,000	642,000
Increase in land for future development less related mortgages payable	1,328,000	-
Increase in mortgages receivable on land sales....	576,000	-
	\$ 9,400,000	\$ 4,067,000

Bovis Corporation Limited

Annual Report 1973



Financial Highlights

Sales, Earnings and Cash Flow

	1973	1972
Gross Revenue	\$60,097,000	\$42,492,000
Net Earnings	\$ 3,215,000	\$ 2,004,000
Net Earnings per Common Share	\$.256	\$.168
Cash Flow from Operations	\$ 4,691,000	\$ 3,449,000
Cash Flow per Common Share	\$.373	\$.288

Assets, Working Capital and Liabilities as at December 31

Total Assets	\$66,968,000	\$35,729,000
Property, Plant and Equipment	\$10,807,000	\$ 9,474,000
Investment in Consolidated Building Corporation Limited	\$ 5,898,000	—
Land for development and sale and houses under construction	\$20,222,000	\$ 7,652,000
Working Capital	\$ 8,763,000	\$13,184,000
Total Bank Borrowings	\$ 1,126,000	\$ 2,831,000
Mortgages and mortgage advances on land for development and sale and houses under construction	\$12,391,000	\$ 3,521,000

Number of Shareholders, Shares Outstanding and Shareholder's Equity at December 31

Shareholders	8,466	8,778
Common Shares Outstanding	13,795,916	11,965,916
Shareholders' Equity	\$32,728,000	\$24,096,000
Shareholders' Equity per Common Share	\$2.37	\$2.01

To Our Shareholders



Left to right: Harold McNamara (Chairman of the Board), John Bull (President & Chief Executive Officer), Ray MacTavish (Vice-President, Finance).

By almost any yardstick of performance, the year ended December 31st, 1973, was a most successful one for your Company, and the credit for this performance must be given to a broad base of dynamic management talent which your Company has been fortunate enough to assemble in each of our diversified group of subsidiaries and divisions.

Following the inevitable reduction in Revenues experienced in 1972 that reflected the termination of our Heavy Construction operations, 1973 Gross Revenues increased significantly to \$60,097,000, up 41.4% over the 1972 level of \$42,492,000.

Net earnings for the current year were \$3,215,000, or 25.6¢ per share, up 60.4% over 1972 at \$2,004,000, or 16.8¢ per share. Thus, 1973 represents the third successive year of significant increased earnings following the reorganization and recapitalization of your Company which took place in late 1970.

Cash flow from operations for the year ended 1973 was \$4,691,000, or 37.3¢ per share, compared to \$3,449,000 for the year ended 1972, or 28.8¢ per share. Total bank borrowings at year-end were \$1,126,000 compared to \$2,931,000 at the same time last year.

As at December 31st, 1973, the net worth of Bovis Corporation Limited stood at \$32,728,000, or \$2.37 per share up \$8,632,000, or 36.0¢ per share from the comparable year ago figure.

All operating divisions and subsidiaries of your company performed profitably during 1973, with approximately 40% of these earnings related to our construction operations in the Newfoundland and the Marine Division, a comparable 40% in Property, Housing and related subsidiary activities, and the balance from our Supply Company Divisions operating in heavy construction equipment, ready-mix concrete, steel fabrication and lumber.

Reviewing Key Events of 1973

The new Commercial & Industrial Property Division in less than one year of full operation produced a modest profit and gained your Company significant positions in several promising sites in Metropolitan Toronto and Montreal. Our joint commercial venture in an old church property at the corner of Hazelton and Scollard

Streets in Toronto was completed during the year, and the new "Hazelton House", as it is called, resulted in much favourable publicity for your Company, and the winning of the "Beautify Toronto 1973 Fix-Up Award". A second income-producing property, the renovation of the old Downtown Theatre in Toronto, was also completed and became "Dundas Square". More detailed information on the progress of this Division can be found in later pages of the Annual Report.

Our Housing Division made a significant contribution to Corporate profits during the year, with over 250 new homes started during 1973 in Markham, Barrie, Acton, London (Ontario), and Montreal. Your Company's reputation as a sound and reputable home builder is now becoming well-established.

The Residential Property Division, begun in June, 1972, also made a solid contribution to Corporate profits during the year while, at the same time, increasing the value of our lands held for future development from \$2,722,000 in 1972 to \$7,800,000 as of December 31st, 1973.

The Marine Division had an excellent year, which began with the awarding of the \$7 million project for the Eastern Gap in the Toronto Harbour, and the \$2 million Tobermory dock job at the Bruce Peninsula. Our joint venture at the Come-By-Chance refinery wharf was successfully completed during the year, and became the first deep-water port in Canada to receive the famous Queen Elizabeth II, which docked there in October.

The McNamara Newfoundland Construction Group had a very good year, continuing their major Arterial Road project into St. John's, and being awarded several significant new contracts in the Bay D'Espoir area of Newfoundland.

In April, 1973, your Company chartered a new subsidiary, Twentieth Century Finance Corporation Limited, 75% owned by Bovis Corporation and the balance by C. Orenstein & Partners. Twentieth Century provides construction and mortgage loans under \$200,000 on a short-term basis (under 24 months) to smaller builders and developers, some of whom are potential customers for our land development operations. With less than eight months of operations in 1973, our after-tax return on investment exceeded 15% and should improve substantially in 1974.

Another acquisition of significance in the first quarter of 1973 was our first venture into recreational land development, in the joint venture purchase of 2,400 acres of land near Huntsville, Ontario, commonly known as Limberlost Lodge. Working in close co-operation with the Provincial Government and a leading firm of environmental planners and engineers, it is anticipated that better than 150 acres of this property can be attractively developed for unique chalet and secondary homes, offering 52-weeks-a-year recreational opportunity.

Agreement with Consolidated Building Corporation

On August 29th, 1973, the shareholders of Consolidated Building Corporation Limited of Toronto approved the acquisition by Bovis Corporation of 1.2 million Treasury Shares of Consolidated at \$3.75 per share. At the same time, Messrs. McNamara, Bull and MacTavish joined the Board of Directors of Consolidated. Your Company's current holdings of 1,525,000 shares of Consolidated make Bovis the largest single shareholder of Canada's oldest public real estate company. Agreements with other major shareholders and rights of first refusal will ultimately allow Bovis to increase control to 41% over the next five years.

We are particularly proud of our association with Consolidated Building Corporation and with their fine management team, whose revenues and earnings have shown spectacular growth over the past two years. With operations primarily in Southern Ontario, our Bovis Housing Group has already arranged to acquire certain building lots for Bovis homes in Scarborough. Your Company's return on this investment for the four months of 1973 exceeded 13% on an after-tax basis.

Expansion of the Construction Equipment Division

Early in 1973 it became evident that our small, but well-managed Federal Equipment Group in Montreal were ready and capable to undertake a serious level of expansion. At the same time, the owners of The General Supply Company of Canada Limited approached your Company with a view to merging their combined facilities in Ontario and Quebec with Federal and seeking a stronger financial partner to maximize their growth potential. In early January, 1974, based on closing statements dated September 30th, 1973, Bovis Corporation acquired all of the working capital and distributor agreements held by The General Supply Company of Canada Limited for cash, and the two

companies were effectively combined under the new name, The General Supply Company of Canada (1973) Limited, with the operating Ontario Division being the General Supply Division, and the Quebec group, the Federal Equipment Division.

This broadening and strengthening of our operations in the heavy construction equipment field will have important volume and profit implications for Bovis Corporation in 1974 and the years ahead, and has led to valuable new relationships between our Company and Komatsu of Canada, Clark Equipment, Portec, American Hoist, and other leading manufacturers in the construction equipment field.

Corporate Financing Activities

On August 31st, 1973, Bovis Limited (London, England) acquired 1,700,000 unissued treasury shares of Bovis Corporation at the option price of \$3.00 per share, exercising an agreement which was concluded at the time of your Company's refinancing in 1970. This \$5,100,000 increase to the net worth of Bovis Corporation, represents a strong vote of confidence by Bovis Limited in the future of your Company.

A financial landmark was subsequently passed by your Company when the \$2,716,000 balance remaining in the original term loan with our banking consortium was retired ahead of payment schedule, in September, 1973.

Again in the third quarter, a "sale and leaseback" was arranged with Chemco Leasing, a subsidiary of the Chemical Bank of New York, for \$4,000,000 on the Marine Division's largest dredge, "Canadian".

In December, 1973, Bovis Corporation successfully filed and met all Security Exchange qualifications for a Prospectus and public debenture offer which would have carried certain share warrants. The issue was subsequently withdrawn on the recommendation of your Board of Directors, with the advice of our fiscal agents, McLeod, Young, Weir & Company Limited primarily due to bond market conditions at that time. Public debenture financing will continue to be re-examined during 1974 if such funds are deemed desirable to accelerate your Company's working capital base for growth and acquisition opportunities in property development.

Other Activities

Continued progress is being made in the longer-range development of the various patents and processes

developed in the 1960's by our subsidiary, Bohna Engineering & Research, Inc. Two commercial installations of the Bohna water treatment filter have been completed in England by our European partner, Pollution Technical Services, and pilot runs of the ABS Direct Gas Plant constructed by Pechiney Ugine Kuhlmann in Paris, France, are quite promising.

Also during the year, certain minor claims relating to our past endeavours in heavy construction were settled in our favour, and our major claim against the Department of Water Resources of the State of California relating to the Oroville Dam Project, a joint venture with George A. Fuller Co., New York, is being tried in San Francisco Superior Court. The first phase of the trial was heard and the judge's decision on the licensing issue was favourable to our case.

Changes in Directorate

During the year, your Board of Directors regretfully accepted the resignations of Messrs. M. Frank Sanderson of London, England and A.L. Quinlan, and would like to take this opportunity to thank them both for their contributions to your Company's affairs. At the same time, the Board welcomed Roger L. Beaulieu, Q.C. of Montreal, Quebec as a new director, most particularly since Mr. Beaulieu has had a long association with Bovis Corporation as our legal representative in Quebec and will bring to this new responsibility with your Company, an increased presence for our operations in that province.

Developments in the United Kingdom

As a result of the serious economic crisis which came to a head in the United Kingdom in December, 1973, Bovis Limited, who control 61.3% of the common shares of Bovis Corporation, found it necessary to seek an association in the United Kingdom with a financially stronger partner who could lend support to the short-term liquidity problems faced by the Group's wholly-owned U.K. banking subsidiary, Twentieth Century Banking Corporation Limited. The Directors of Bovis Limited subsequently recommended that the shareholders of their company accept an offer from Peninsular & Oriental Steam Navigation Company (P & O), wherein Bovis Limited shareholders would obtain approximately 5 shares of P & O for every 6 shares of Bovis Limited.*

**Details of the offer are available to interested Bovis Corporation shareholders on request.*

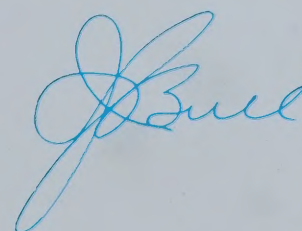
The offer was subsequently mailed to Bovis Limited shareholders on February 11th, 1974, and became unconditional as of March 12, 1974 when over 90% of Bovis Limited shares were tendered. This change in the ownership of our majority U.K. shareholding company is looked upon by the Board of Directors of Bovis Corporation as a further strengthening of your Company's financial ties to international markets and capital resources. At the same time, Directors of Bovis Limited have been given assurances by P & O that the interests of the existing management and staff of the whole Bovis Group will be continued and developed. As one of the world's largest independent shipping companies, P & O is a British company with immense assets, an enviable worldwide reputation, and net worth as of September 30, 1973 in excess of \$800,000,000.

Concluding Remarks

In the pages which follow, we have tried to not only tell each shareholder in some detail about the strength and activities of all of our operations, but to introduce you to the depth of management people talent which this organization has gathered within it.

While our growth targets are still focused on building and developing our Property, Housing, and Commercial portfolios and endeavours, your Management is justifiably proud of the profit and growth record of our Newfoundland and Marine Divisions, and our Supply and Distribution subsidiaries.

Despite the cloudy economic forecasts being made for 1974, your Management and Board of Directors are most optimistic about our earning prospects for next year, and would like to take this opportunity to congratulate all Divisional Managers for their fine performance in 1973, and recognize the important contribution made to Bovis Corporation's growth by our over 1,100 employees across Canada.



John S. Bull
President & Chief Executive

Property and Housing



David Fleming-Wood, Bill Dilly, Joan Bates, Hank Reid, Rob Anderson, Hector MacHutchon, Carl Rabchuk, John Latimer, Don Shaver, Ken Pain

COMMERCIAL PROPERTY DIVISION

Since its inception in January, 1973, the Bovis Commercial Property Division has acquired for development for its own account and that of joint venture partners, property valued at \$14,000,000. In addition, the Division has been actively disposing of properties acquired in prior years which are considered surplus to the current development program.

Included in property sales were 46 acres of land in Fort McMurray, Alberta; a 345,000 sq.ft. Equipment Yard in Laval, Quebec; and 480,000 sq.ft. of land south of Boulevard St. Martin in Quebec, owned by the Cartier-Quemont Joint Venture. An offer for the purchase of the Company's land and buildings at 123 Eastside Drive, Etobicoke, was accepted and the property was subsequently sold in January, 1974.

Commercial Properties Completed and Under Development

Hazelton House — a Joint Venture involving reconstruction into office and retail commercial accommodation of a century-old Church in the fashionable Yorkville district of Toronto. Hazelton House was officially opened by the Mayor of Toronto in November and was fully leased in December.

Dundas Square — a Joint Venture involving reconstruction of a theatre into a 18,150 sq.ft. three-level retail building. The building, which is located in the heart of the commercial district of downtown Toronto, was opened in November, 1973 and is substantially leased.

576 Church Street — a Joint Venture involving the construction of a three-level, 18,000 sq. ft. retail building is currently underway with completion expected in the Spring.

100 Carlton Street — a Joint Venture. The demolition commenced in February, 1974, in preparation for a 40,000 sq. ft. office building totally preleased and scheduled for completion in 1974.

56 Wellesley Street East — a Joint Venture involving the home of Paul Kane, a noted Canadian artist of Indian life. The house is designated an "historical building" and in keeping with our policy of promoting quality development in harmony with the environment, a proposal has been made whereby the overall concept incorporates the Paul Kane house in a prominent location at the front of an attractive 45,000 sq.ft. commercial complex.

Bay and College Streets — a Joint Venture application for a building permit has been submitted to the City of Toronto for a thirty-two storey apartment hotel complex on a site comprising 280,000

sq.ft. located on Bay Street south of College.

In Pointe Claire, Quebec, the Master Plan has been completed for "Bovis Park", a 1,400,000 sq.ft. prime industrial park of custom single and multiple occupancy buildings fronting on the Trans Canada Highway. Construction is expected to be underway in the first half of 1974.

Commercial Sites for Future Development

The remaining joint venture properties in the core of the City of Toronto are a vacant 16,000 sq.ft. site on the north side of Bloor Street East, west of Sherbourne Street, and a 15,000 sq.ft. property at



Hazelton House — Toronto

365 Church Street, south of Carlton Street. The Bloor Street parcel is being considered for a proposed commercial and residential building that is in the preliminary design stage. The Church street property is presently the site of a 70,000 sq.ft. warehouse and re-development plans are in the early stages.

Approximately 14 acres of residentially zoned property were acquired in the Borough of Scarborough on the south side of Kingston Road adjacent to the Galloway Road "GO" Transit Station. Development plans are in the preliminary stages.

The Division is continuing to negotiate with Metropolitan Toronto and the City of Toronto for a long term lease for the air-rights over the Sherbourne Subway Station at Bloor Street. A residential complex with a retail component is being planned for the site.

A prime lakeshore site west of Bronte Harbour in the Town of Oakville is under the Division's control by way of an accepted offer of purchase and sale conditional upon re-zoning for 130 luxury garden residential apartment units. Negotiations are proceeding well with the two levels of Government involved.

Industrial Properties for Development

Two prime industrial sites were acquired in the Borough of Etobicoke — 6.15 acres fronting on North Queen Street and .65 acres fronting on the Queensway, both of which are in close proximity to the intersection of Highway 427 and the Queen Elizabeth Way.

David Fleming — Wood, Vice-President, Commercial Property Division, in looking ahead says, "The days of insular development without regard for the environment and overall planning, are no longer with us. It is our intention to continue establishing a competent sensitive in-house team to work with the various levels of Government and the professions to create responsible developments".



Top: 100 Carlton Street — Toronto Phase I
Bottom: Dundas Square, Yonge Street — Toronto

RESIDENTIAL PROPERTY DIVISION

The year 1973 completed the first full twelve months of operations for the Residential Property Division. It has been an active and successful year from the standpoint of acquisitions, sales and profits.

During 1973, the Residential Property Division purchased land for development in Peterborough, Orangeville, London, Cambridge and Halton Hills totalling over 600 acres. In addition to the residential land already owned in Barrie, Acton, London and Cambridge, the Division now controls well over 1,000 acres of prime developable property primarily in the Southern Ontario market area.

SUMMARY OF ACTIVITIES FOR 1973 LAND UNDER CURRENT DEVELOPMENT

Acton Meadows – Halton Hills:

By the middle of 1973, 75 houses had been built and sold in Acton Meadows Sub-division, the first Bovis residential development in Canada. Planning and engineering is continuing for Phase III, which will complete the Acton Meadows Development. This phase will comprise 126 single family homes and is expected to begin in the Spring of 1974.

Waterford Village – Peterborough:

On May 3, 1973, Bovis purchased 293 acres in the City of Peterborough for residential development. A sub-division agreement was signed with the City for installation of underground services for Phase I which will contain 93 single Family lots, 5 semi-detached lots, townhouses and a neighbourhood commercial site. As a condition of the sub-division agreement, 40 acres was dedicated to the municipality for parkland and greenbelt which will be maintained and preserved for the use of the residents.

The sub-division is located at the east end of Peterborough close to the Trent Waterway and the Peterborough Lift Locks. Adjacent to the property is Beavermeade Park used for summer camping, boating,

and swimming and to the north is the Lift Lock golf course.

The development is two miles from downtown Peterborough, and one half mile from Highway 7 for easy commuting to either Toronto or Ottawa.

Lockwood Park – London:

The Lockwood Park development involving 1,350 units is nearing completion on schedule and only a townhouse block, a church site and a commercial centre remain to be developed.

LAND FOR FUTURE DEVELOPMENT

London – Windermere Road:

Located in the north end of London, these lands lie in Phase II of London's official plan which will be developed within the next five years. The Residential Property Division is actively pursuing other properties in this area suitable for residential development.

Esquesing Township – Halton Hills:

This land is south of Highway 7 adjacent to the town of Acton. As of January 1, 1974, these two municipalities along with Georgetown amalgamated to become the town Halton Hills within the new Regional Municipality of Halton.

Before amalgamation took place, Acton Town Council wished to make certain recommendations to the new municipal board as to the direction of future growth and expansion of Acton. The Committee formed to look into this, invited Bovis to present their views as to the expansion. The recommendations included our Esquesing property as future development land for a residential neighbourhood containing a park and school site, and further studies are being carried out to consider a 15 acre shopping centre with frontage on Highway 7.

Cambridge:

Bovis owns nearly 500 acres in and surrounding the former town of Hespeler, now the City of Cambridge. The new official plan for the City presently being prepared but not yet approved, designates a portion of our holdings for

immediate development. We have prepared a draft sub-division plan and submitted it, with encouragement from the City, to the Provincial Ministry of Housing for approval. Significant progress is being accomplished and it is hoped that registered housing lots may be available early in 1975.

Mono Township (Orangeville):

This property, 108 acres, is adjacent to the northwest boundary of Orangeville within the area the Town proposes to annex during 1974. Once annexation takes place, development plans will be submitted for approval and over 450 housing lots will be registered. Although original forecast for development was to be in 1979, this date has been advanced by almost two years because of the prospects of early annexation and the critical housing demand in Ontario.

Barrie:

Bovis acquired 100 acres of land in the northern section of the City of Barrie late in 1972. At that time, this development was projected to start early in 1974, however, unforeseen delays have held up the servicing of this property to the extent that development will be delayed until late 1975. With this in mind, an offer to sell this property has been accepted in order to free capital to acquire other properties which can be developed more immediately.

CONCLUSION:

Housing shortages within the Southern Ontario market place coupled with the strong demand has motivated the Residential Property Division to actively seek out and acquire property for future use. W.B. Dilly, Vice-President, Residential Property Division, comments, "The availability of prime property for residential development with early approvals and servicing in Southern Ontario continues in short supply. In 1974, we will continue to give careful consideration to new land acquisitions, but expect to exceed our earlier targets for bringing Bovis' existing residential land bank on stream".

BOVIS HOUSING DIVISION

Bovis Corporation's Housing Division formed in March of 1972, continued to successfully expand operations in 1973. The total home starts since inception of the Division, were 306 of which 268 were sold. The majority of these were in the prime Southern Ontario home market area with the balance in the Montreal region of Quebec where 49 starts and 13 closings were recorded.

Acton Meadows — Acton, Ontario

Phases I and II consisting of 74 single family homes have been completed, sold and occupied.

Phase III consisting of 126 single family lots is expected to be registered by April 1974, with construction and occupancy scheduled for completion by June 1975.

Prices of the homes ranged from \$30,000 to \$40,000.

Highlands of the Don — Markham, Ontario

93 single family prestige lots were purchased in a serviced state in November 1972. Early in 1973, a group of 21 lots was sold to another builder, and the remaining 72 lots were built, and sold during 1973 of which 66 were occupied with the remaining scheduled for closing during the first month of 1974.

Price range on the homes was from \$55,000 to \$85,000.

Allandale Highlands — Barrie, Ontario

80 single family lots were purchased in a serviced state early in 1973.

During 1973 construction and sale was completed on 68 homes with the 12 remaining homes under construction with occupancies for the first quarter of 1974.

Prices ranged from \$36,000 to \$44,000. It is anticipated that the profit on the remaining sales will at least equal or possibly exceed those realized in 1973.

Ski-Valley Estates — London, Ontario

The London Branch, continuing to operate under the name of Don Shaver Construction Limited, purchased 25 serviced lots late in 1972.

During 1973, 32 homes were constructed with 14 of them closing during the year, with the balance to close during the first quarter of 1974.

These homes sold in the \$30,000 to \$40,000 price range. Five custom homes were also built during 1973 in the \$50,000 to \$60,000 price range.

Home improvements and sales of franchised kitchens also contributed to branch volume.

Domaine Renaud — Montreal, Quebec

A joint venture was formed with Lalcon Construction, Bovis providing land, financing, and policy direction and physical construction managed by Lalcon.



Bovis Homes: Allandale Highlands, Barrie, Ontario



Forty-nine homes were started during 1973 with 22 homes being sold and 13 occupied during the year. The balance will be completed, sold and closed during the first half of 1974. Prices of the homes range from \$20,000 to \$36,000.

Planned 1974 Production:

Acton Meadows — Phase III — 126 single family homes with sales and occupancies through 1974 and the first half of 1975.

Bayview Woods — Barrie — 33 single family homes on purchased serviced lots expected to be completed and occupied during 1974.

Ashburnham by the Lake — Peterborough — Model homes scheduled in early 1974, and 80 production homes to be built, sold and occupied during 1974.

Rosewood Sub-division — Scarborough — 65 homes planned for construction during 1974 with 50 to be closed and occupied during the year with the remaining 15 during the first half of 1975.

Further housing starts are being planned on lots from our own Residential Property Division holdings in Cambridge and Orangeville if the development planning process proceeds without undue delays.

London Branch — Anticipated volume of starts during 1974 is in excess of 50 units.

Montreal Joint Venture — Anticipated volume of starts during 1974 is in excess of 100 units.

1973 has been a very active year in house sales and, according to Ken Pain, Vice-President, Housing Division, "Although the housing industry foresees continuing problems of material and labour shortages, we are taking steps now to minimize any such affect on Bovis home construction and look forward to increased starts and completions in 1974".

SUMMARY OF COMMERCIAL PROPERTY HOLDINGS

PROPERTY	PROPOSED DEVELOPMENT	AREA	ZONING	BOOK VALUE (\$000's)
QUEBEC				
*Cartier-Quemont, Laval, Quebec	For Sale	230,000 sq.ft. land	Prime Comm.	32.5
Pointe Claire, Quebec	Bovis Park (Industrial Park)	29 Acres	Industrial	930.5
ONTARIO				
Heavy Tire, Midwest Road, Scarborough	Current Use	2.6 Acres 25,000 sq. ft. building	Industrial	333.2
Keele Lumber Weston	Current Use	2.8 Acres 3 buildings	Industrial	198.5
McNamara Marine, Whitby	Current Use	20.4 Acres with buildings	Industrial	555.9
Fedquip, Eastside Drive, Etobicoke	Sold in 1974	9 Acres 112,000 sq. ft. building	Industrial IC2	732.3
1627 The Queensway, Etobicoke	Sale or Joint Venture	.65 Acres	Limited Comm. and prime industrial	161.9
*Hazelton House, Toronto	Development completed	6,500 sq. ft. land with building	Commercial	943.1
*Dundas Square, Yonge Street, Toronto	Development completed	7,760 sq. ft. land with building	Core Comm.	2001.0
Kingston Road Scarborough	Multi-Density Residential	13.8 Acres	Residential (second density)	1578.3
North Queen St., Etobicoke	Possible Joint Venture	6.15 Acres	Industrial ICI	601.5
*770-786 Bay St. Toronto	Apartment Hotel	23,360 sq. ft.	C1V4 (12 times coverage)	2519.9
*360-394 Bloor St. Toronto	Prestige mixed commercial retail & residential	62,000 sq. ft.	C1V3 (7 times coverage)	2680.3
*576 Church Street Toronto	Three-level retail bldg. under construction	7,200 sq. ft. land plus 20,000 sq. ft. bldg. under construction	C1S12Z5 (2 times Comm. coverage)	312.9
*365-371 Church Street, Toronto	Renovation to prime office and retail space	16,300 sq. ft. land with buildings	C1V4 (12 times coverage)	796.0
*100 Carlton Street Toronto	Office Building	14,600 sq. ft. land with buildings	C1V4 (12 times coverage)	686.7
*56 Wellesley St. East, Toronto	Office and retail bldg. incorporating the Paul Kane House	16,600 sq. ft. land with church and house	C1A L3Z5 (3 commercial coverage)	464.5

*Joint Venture

Bovis in Newfoundland



Left to right clockwise: Jack Tipton, John Neville, Frank Angel, Norm Perry, Doug Tipton, Tudor Jenkins, Ron Martin.

NEWFOUNDLAND

Bovis Corporation in Newfoundland includes three separate operating divisions. Although day-to-day activities are quite autonomous, policy guidance, financial management and control are integrated with the Bovis group of operations in Canada.

With the growing significance and strength of the Newfoundland economy, these subsidiaries are all contributing to and participating in this growth trend.

CONSTRUCTION DIVISION

Ron Martin, General Manager, McNamara Corporation of Newfoundland Limited — Construction Division, and also a Director of Bovis Corporation says, "Newfoundland is spreading out and this demands new roads, new bridges, repaved roads and rebuilt bridges and we are meeting this demand with efficient construction teams operating throughout the island".

During 1973, the construction division completed \$11.6 million worth of road construction, sub-divisions and bridge work in Newfoundland.

This included \$4.2 million of carry over from 1972. Extension of existing contracts and the award of nine new contracts represented \$11.5 million worth of new work of which \$7.4 million was completed in 1973.

The 1973 construction division operations can be given some dimension by recording the fact that 2 million cubic yards of excavation were moved, 1.3 million tons of road gravel were crushed and 200,000 tons of asphalt were produced and paved in place. The sub-division work included servicing of 500 building lots together with other related work.

The carry over of \$4.1 million worth of contracts in 1974, together with anticipated new contracts for roads, sub-divisions and municipal servicing should

enable a busy and profitable year in 1974.

McNAMARA INDUSTRIES DIVISION

1973 was a record year in the history of McNamara Industries, with sales of almost \$5 million, and the completion of some major contracts for the supply and erection of structural steel including the Health Sciences Complex on the North Campus of Memorial University. This building will be an important landmark in St. John's, with an area of 650,000 square feet, and an overall cost in excess of \$50 million.

Also, the North Campus will see another imposing structure, the new Engineering School with an area of 300,000 square feet for which McNamara Industries supplied and erected the structural steel.

In addition to the two structures mentioned are the new Power House, Oil Storage, and a four section chimney of 150 feet in height, which will service the North Campus development. The total North Campus when completed with landscaping, and artificial lakes, will be a most impressive part of the University, as well as being a functional and important aspect of the academic community graduating the future doctors and engineers of Newfoundland.

McNamara Industries provided steel work for schools, shopping centres, and various other commercial buildings in St. John's and other areas of the Province. Thousands of lineal feet of guardrail was fabricated in the McNamara Industries plant for the highways of Newfoundland; as well as several hundred domestic oil storage tanks for the very active home building industry.

Some of the other interesting aspects of the business in 1973, were the machining of large mechanical items for the pulp and paper, chemical industries, and a recent and growing maintenance involvement in the oil drilling activity off the

coast of Newfoundland. Again in 1973 oil storage tanks were erected for major oil companies in several locations in the Province.

Tudor Jenkins, the General Manager of McNamara Industries described it well when he said, "As Newfoundland development pushes out and up, steel structures will be the backbone of our commercial growth".

CONCRETE PRODUCTS DIVISION

Concrete Products had a record year in 1973. Ready-Mix concrete volume was 80,000 cubic yards — an increase of 45% over 1972. This significant volume increase was made possible by the installation of a new automatic ready-mix batch plant with a capacity of 150 cubic yards per hour. In addition, ten new 8 cubic yard ready-mix trucks were purchased bringing the total ready-mix fleet to 22 units.

Other 1973 record achievements were the

production of over 1,500,000 concrete blocks and bricks. This volume resulted from the installation of a new block machine with a capacity of 400 standard 8" blocks per hour.

2,000 linear feet of concrete pipe in varying diameters from 6 to 24 inches was produced in 1973 and it now looks very probable that this figure will be increased significantly in 1974.

To maintain all this activity, the crushing plants at Seal Cove processed 235,000 tons of aggregate.

Sales of lumber and other building materials exceeded \$1 million during 1973.

Jack Tipton, General Manager of Concrete Products Division says, "We have the largest concrete products plant, quarries and fleet in Newfoundland but we still have to expand our facilities again in 1974 to meet the fantastic demand of the island's building boom".



Gravel crushing for road construction, Newfoundland



Left to right standing: Gerry Moore, Stan Powell, Carl Daw. Left to right seated: Jack White, Lou Quinlan

McNamara Marine Division of Bovis Corporation completed a very successful year of operations in 1973. The Division increased its profit by approximately 30% on a volume of almost \$12,000,000.

The construction of the \$6.5 million deep

draft super tanker wharf at Come-By-Chance, Newfoundland was successfully completed on time with the first arrival to christen the wharf being the Luxury Liner Queen Elizabeth II in October.

The \$21 million Ile D'Orleans dredging

project completed over 5,000,000 cubic yards of dredging this year and will allow for originally planned completion of the remainder of the project in 1974.

During the year the Division was awarded a \$7.2 million dredging and land recla-

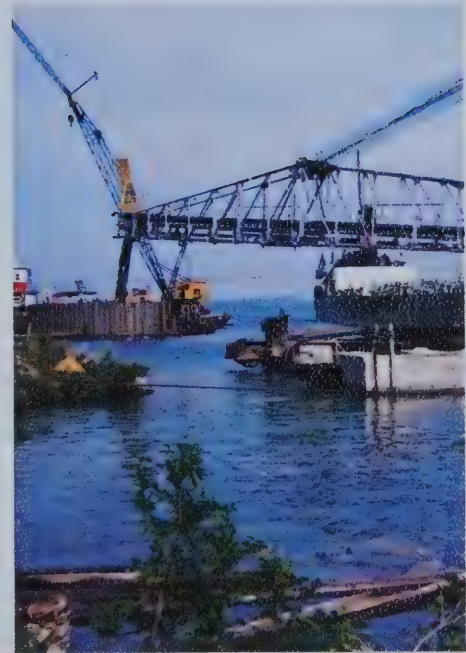
mation project for the Toronto Harbour Commission. About 60% of this project has been completed and 5,000,000 cubic yards of material has been removed and pumped ashore to be used for the development of 188 acres of Parkland for Metropolitan Toronto. The authorities involved have expressed the utmost satisfaction with the progress to date on this project.

The Marine Division established a record in 1973 when for the first time all three of its large multi-million dollar cutter suction dredges were fully employed during the navigation season.

Construction of a \$2 million southern ferry terminal on the Bruce Peninsula at Tobermory, Ontario for the Ministry of

Transportation and Communications was substantially completed during 1973 and other completed projects during the year included the dredging of the Forebay of the Ontario Hydro Nuclear Power Station at Pickering, Ontario; dredging on Lake Erie at Port Stanley, Ontario; on Lake Ontario at Bronte, Ontario; and on Lake Simcoe, Ontario for the Federal Department of Public Works.

Looking to the future, Lou Quinlan, Vice-President of the McNamara Marine Division says, "Although competition for marine work seems to be substantially increasing, the Marine Division anticipates significant project awards in 1974 which, coupled with project carryovers, should combine to make 1974 another successful year".



Top right: Ferry dock under construction, Tobermory, Ontario
Bottom: Suction dredge "Canadian" at work in Toronto Harbour.

General Supply and Federal Equipment



Left to right: John Mason, Normand Trinque, Ross Campbell, Andy Hudson, Cal Kerr, Grant Woolsey, Bruce Way

THE GENERAL SUPPLY COMPANY OF CANADA (1973) LIMITED

formerly Federal Equipment (Canada) Limited

In the fourth quarter of 1973, Bovis Corporation was pleased to welcome a new corporate name to our roster, and add to our existing equipment supply organization the previous General Supply Company of Canada Limited, with offices in Ottawa, Toronto, London (Ontario), Montreal and Quebec City.

The previous General Supply Company was incorporated in 1906, and is one of the oldest and most respected equipment distribution companies in Canada. Im-

portantly, General Supply had representation for the Japanese-built Komatsu line of crawler tractors in Ontario and Quebec, and Pioneer crushers and conveyors (Portec Inc.) in both Provinces as well. Additionally, they handled one of the leading lines of compaction equipment, the Bros Division of American Hoist. The addition of these and other important lines to those already represented by the Federal Equipment (Eastern) Division of Montreal, principally the Clark-Michigan rubber-tired line of loaders and tractor shovels, made an ideal merger of operations.

Negotiations were concluded in January, 1974, and became retroactive to October,

1973, blending the two companies, Federal and General, under the new name, The General Supply Company of Canada (1973) Limited.

Federal Division (Quebec)

In Montreal, the decision was taken to expand the previous Federal plant and location and move the smaller General Supply facilities into the Federal offices. This transition will be completed in early 1974.

During 1973, significant volume increases were experienced in Clark-Michigan tractor shovels, and new lines acquired during 1973 included Apex and JCB hydraulic excavators. A significant sale was made to

the Government of India involving Thomas and Michigan loaders, with the units prepared for shipment in our service plant in Montreal.

General Supply Division (Ontario)

The principal existing sales and service offices of General Supply in Ottawa and Toronto are being maintained, with significant expansion planned in Toronto.

Prior to merging General Supply with Federal, 1973 was a record sales year for both Komatsu and Pioneer, with General Supply again named the number one distributor in the world for Pioneer crushing equipment, having achieved the greatest volume of any distributor of this company in 1973. General Supply made a substantial contribution to the construction of the James Bay Hydro Project — 385 miles of road construction, supplying much equipment to the contractors working on this important development.

Environmental Equipment Division

This Division, founded in 1972 and part of Federal, continued to specialize during the year in the marketing of the Vacu-Sweep municipal street cleaning truck and other lines of environmental equipment sold principally to municipalities.

Twenty-two Vacu-Sweep units were sold to cities across Canada and twelve John Bean sewer cleaners. The Vacu-Sweep continues to gain wide acceptance with municipal authorities, and significant increases have been projected for 1974.

Andy Hudson, Executive Vice-President of General Supply, anticipates the future with great confidence; "We now have the manufacturers' lines we need to cover the market and with our new organizational structure, experienced staff and sales incentive programs, the 1974 volume and profit outlook is very exciting".



Top right: Gary Ross and Leo Bouchard discussing a Clark-Michigan Loader.

Bottom left: Discussing promotion of roof trusses.

(Rear) left to right: Jim MacDonald, Dolliver Frederick, (Front) left to right: Bill Baird, Dick Ouellette

KEELE LUMBER DIVISION

In September 1973, the new truss plant at Keele Lumber was officially opened. The plant consists of a new concrete block building with 4800 sq.ft. of working area. The "Hydro-Air" system of truss construction was selected for use in the plant which was added to complement the other components that Keele supplies to the home builders in Southern Ontario.

Keele, while continuing to serve a long established clientele, has, during the past year, added to its list of clients both Bovis Homes and Consolidated Building Corporation, establishing what is hoped will be the beginning of a long and mutually profitable association.

"The house building sales outlook for 1974 appears very bright indeed", according to Jim MacDonald, Vice-President — Lumber Operations. "Expansion in 1974 will be enhanced when Cartier Forest Products becomes part of Bovis lumber operations, enabling us to expand the sale of lumber to other domestic retail customers".

Bovis Corporation Limited and Subsidiaries

Consolidated Statement of Financial Position

AS AT DECEMBER 31, 1973 (with comparative figures for 1972)

ASSETS	1973	1972
CURRENT		
Accounts and notes receivable, including \$1,564,000 retained by customers in accordance with contract provisions (1972 - \$1,633,000)	\$11,307,000	\$ 6,737,000
Inventories at the lower of cost and net realizable value	9,961,000	5,308,000
Investment in construction joint ventures at equity	1,632,000	2,575,000
Construction contracts in progress at the lower of cost or net realizable value	685,000	62,000
Prepaid expenses	112,000	1,488,000
Property for sale or under development including houses under construction of \$976,000 at cost	8,765,000	4,930,000
Current portion of mortgages receivable	424,000	360,000
	32,886,000	21,460,000
MORTGAGES RECEIVABLE NET OF CURRENT PORTION (Note 2)	2,688,000	—
INCOME PRODUCING PROPERTIES (Note 3)	1,066,000	1,032,000
LAND HELD FOR FUTURE DEVELOPMENT, at cost	11,457,000	2,722,000
SUNDRY ASSETS	288,000	288,000
LOANS RE SHARE PARTICIPATION PLAN (Note 4)	724,000	430,000
INVESTMENTS		
Investments in unconsolidated subsidiaries at equity, including advances of \$799,000	1,154,000	323,000
Investment in Consolidated Building Corporation Limited at equity (Note 5)	5,898,000	—
PROPERTY, PLANT AND EQUIPMENT, at cost	\$26,038,000	
Less accumulated depreciation	15,231,000	
	10,807,000	9,474,000
	\$66,968,000	\$35,729,000



LIABILITIES	1973	1972
CURRENT		
Bank indebtedness — secured	\$ 1,126,000	\$ 115,000
Accounts, notes payable and accrued charges	15,543,000	5,001,000
Due to The General Supply Company of Canada Limited (Note 6)	1,143,000	—
Mortgages and mortgage advances on property for sale or under development and houses under construction (Note 7)	6,311,000	2,160,000
Current portion of term bank loan	—	1,000,000
	24,123,000	8,276,000
DEFERRED INCOME ON LEASE AND ON CONSTRUCTION CONTRACTS (Note 8)	3,774,000	
MORTGAGES PAYABLE ON FIXED ASSETS AND INCOME PROPERTIES	263,000	280,000
MORTGAGES ON LAND HELD FOR FUTURE DEVELOPMENT (Note 9)	6,080,000	1,361,000
TERM BANK LOANS	—	1,716,000
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 4)		
Authorized 15,000,000 shares without par value		
Issued 13,795,916 shares (1972 — 11,965,916 shares)	20,258,000	14,841,000
CONTRIBUTED SURPLUS	8,179,000	8,179,000
	28,437,000	23,020,000
RETAINED EARNINGS	4,291,000	1,076,000
	32,728,000	24,096,000
	\$66,968,000	\$35,729,000

On behalf of the Board

Director

Director

Consolidated Statement of Earnings and Retained Earnings

for the year ended December 31, 1973 (with comparative figures for 1972)

	1973	1972
Gross revenue, including \$4,724,000 share of joint venture revenue (1972 – \$7,012,000)	\$60,097,000	\$42,492,000
Earnings from operations before the undernoted	\$ 4,611,000	\$ 3,891,000
Equity in net earnings of unconsolidated subsidiaries and of Consolidated Building Corporation Limited	257,000	—
	4,868,000	3,891,000
Interest expense — term bank loans	177,000	219,000
Depreciation	1,476,000	1,441,000
	1,653,000	1,660,000
Net earnings for the year before extraordinary item	3,215,000	2,231,000
Extraordinary item (Note 16)	—	(227,000)
NET EARNINGS FOR THE YEAR (Note 14)	3,215,000	2,004,000
Retained earnings (deficit) at beginning of year	1,076,000	(928,000)
Retained earnings at end of year	\$ 4,291,000	\$ 1,076,000
Net earnings per share (Note 13) Before extraordinary item	\$.256	\$.186
After extraordinary item	\$.256	\$.168

Auditor's Report

The Shareholders,
Bovis Corporation Limited

We have examined the consolidated statement of financial position of Bovis Corporation Limited and subsidiaries as at December 31, 1973 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the consolidated financial position of Bovis Corporation Limited and subsidiaries as at December 31, 1973 and the results of their operations and changes in financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
February 22, 1974.


CHARTERED ACCOUNTANTS

Consolidated Statement of Changes in Financial Position

for the year ended December 31, 1973 (with comparative figures for 1972)

	1973	1972
SOURCE OF FUNDS		
Net earnings for the year	\$ 3,215,000	\$ 2,004,000
Depreciation and amortization	1,476,000	1,445,000
	4,691,000	3,449,000
Sales of plant and equipment	4,096,000	1,009,000
Issuance of shares to Bovis Limited	5,100,000	—
Repayment of loans re share participation plan	23,000	255,000
Share of mortgages on property under development in commercial property joint ventures	4,745,000	—
Mortgages and mortgage advances on land inventories and houses under construction	4,125,000	3,521,000
Net change in other assets and liabilities	2,448,000	1,206,000
	\$25,228,000	\$ 9,440,000
APPLICATION OF FUNDS		
Purchase of plant and equipment	\$ 4,225,000	\$ 1,462,000
Increase in houses under construction and land inventories	7,238,000	7,652,000
Share of property under development in commercial property joint ventures	5,332,000	
Investment in and advances to non-consolidated subsidiaries including equity in undistributed net earnings	830,000	—
Investment in Consolidated Building Corporation Limited including equity in undistributed net earnings	5,898,000	
Acquisition of T.B. Realty Limited	—	1,600,000
	23,523,000	10,714,000
Reduction (increase) in total bank indebtedness	1,705,000	(1,274,000)
	\$25,228,000	\$ 9,440,000

Notes to Consolidated Financial Statements

December 31, 1973

1. Accounting policies

a) Consolidation

The consolidated financial statements include:

- i) the accounts of the Company and its wholly-owned subsidiary companies. The assets and liabilities of two other subsidiaries are not included. The Company's 51% interest in one subsidiary, a non-producing mining company in the exploration stage, was \$324,000 on December 31, 1973 (\$323,000 on December 31, 1972) which is the Company's share of the equity. In addition, the 75% interest in Twentieth Century Finance Corporation Limited, a mortgage financing company, is accounted for on the equity basis; the Company's share of the equity in this company is \$830,000 which includes the Company's share of the net earnings from commencement of operations in May 1973 to December 31, 1973 in the amount of \$30,000,
- ii) the proportionate share of the assets, liabilities, earnings and expenses pertaining to the Company's undivided interest in commercial property joint ventures,
- iii) the capital advances to construction joint ventures adjusted by the Company's share of earnings or losses to date.

b) Recognition of income

- i) It is the policy of the Company not to reflect claims for extra work in the financial statements until the compensation has been awarded.
- ii) the Company's accounting policies relating to its property development and housing activities have been established in accordance with the recommendations of the Canadian Institute of Public Real Estate Companies.

The Company follows the policy of capitalizing as part of the cost of property for sale or under development and land held for future development:

(A) direct carrying costs such as mortgage interest, realty taxes and other costs which pertain to such properties, and

(B) interest on general borrowings considered applicable.

The total of such costs included in the cost of properties held for sale or under development or land held for future development as at December 31, 1973 amounted to \$851,000 (1972 — \$151,000).

- iii) Income from housing and property transactions is recognized as follows:

House sales — at the date of closing

Land sales — when all material conditions have been fulfilled, at least 15% of the purchase price has been received, and interest is accruing at a reasonable rate on the balance due under the sale.

2. Mortgages receivable

	1973	1972
Mortgages receivable on sales of property	<u>\$3,112,000</u>	<u>\$ 360,000</u>
Average rate of interest	<u>7.80%</u>	<u>8.33%</u>

3. Income producing properties

	1973	1972
These consist of:		
Buildings, at cost	\$1,190,000	\$1,113,000
Less accumulated depreciation	<u>350,000</u>	<u>307,000</u>
	840,000	806,000
Land, at cost	<u>226,000</u>	<u>226,000</u>
	<u>\$1,066,000</u>	<u>\$1,032,000</u>

4. Share issues and options

- a) Under the Company's share participation plan which became effective in 1971, 400,000 common shares are reserved for officers and other key employees at prices equal to the market value on the business day next preceding the day of issue. The Company provides interest-free loans to said officers and key employees to enable the purchase of the shares. These loans may be repaid at any time and mature seven years from the purchase date. The shares purchased are held by a trustee and may be released to the employee at a rate of up to 20% per annum commencing one year after the purchase date, provided pro rata payment on account of the loan is received.

During the year, 130,000 shares were issued for \$317,000, and at December 31, 1973 a total of 331,450 common shares (202,450 common shares at December 31, 1972) were held under the plan for participating officers and key employees and loans in the aggregate amount of \$724,000 (\$430,000 at December 31, 1972) were outstanding, \$327,000 (\$183,000 at December 31, 1972), being loans other than to directors.

- b) Under the terms of an agreement dated August 27, 1970 with Bovis Limited of London, England, the Company granted an irrevocable and non-assignable option to Bovis Holdings (Canada) Limited to purchase at any time or from time to time, up to (but not after) August 31, 1973 an aggregate of 1,700,000 unissued shares of the Company at the price of \$3.00 per optioned share, payable in cash. This option was exercised on August 31, 1973.

- c) 170,000 common shares are reserved for issue pursuant to an irrevocable option granted in 1971 to a former officer. The option may be exercised at any time or from time to time up to January 4, 1976, at the price of \$1.90 per share. The option has not been exercised.

5. Investments

On August 29, 1973, the Company acquired 23.1% of the common shares of Consolidated Building Corporation Limited, a house-building and land development company, thereby increasing its interest to 24.7% of the issued and outstanding common shares (see Note 15). This transaction has been accounted for as an equity investment and the excess of the purchase price over the underlying equity acquired is being amortized over a period not exceeding twenty years.

Net assets, primarily land for sale including houses under construction and investment properties	\$2,642,000
Excess of the purchase price over the underlying equity acquired	<u>3,029,000</u>
	<u>\$5,671,000</u>

The following consideration was given by the Company:

Cash	<u>\$5,671,000</u>
------	--------------------

The equity in net earnings since acquisition, less amortization of the excess purchase price, amounted to \$227,000.

6. Acquisitions

The Company acquired, effective September 30, 1973, substantially all of the net assets and undertakings of The General Supply Company of Canada Limited. The following net assets were acquired in the transaction which was accounted for as a purchase:

Net assets, at book value	\$1,270,000
Decrease in assets from book value to fair value	<u>127,000</u>
Net assets acquired	<u>\$1,143,000</u>

The following consideration was given by the Company:

Cash (due January, 1974)	\$ 572,000
Non-interest indebtedness due in 1974	<u>571,000</u>
	<u>\$1,143,000</u>

The results of operations since the effective date of the purchase, September 30, 1973, have been included in the consolidated statement of earnings.

7. Mortgages and Mortgage Advances on Property for Sale or Under Development and Houses Under Construction

	1973	1972
Mortgages on property for sale or under development (a)	\$ 440,000	\$1,674,000
Mortgage advances on houses under construction (b)	1,126,000	486,000
Share of mortgages on property under development in commercial property joint ventures	4,745,000	—
	<u>\$6,311,000</u>	<u>\$2,160,000</u>

- a) Mortgages on property for sale or under development, and the mortgages on property under development in commercial property joint ventures will be discharged out of proceeds of sale or of first mortgage financing which, it is anticipated, will be obtained prior to the maturity date of these liabilities. The average rate of interest on these mortgages is 11.1% (8.5% in 1972).
- b) Mortgage advances on houses under construction represent amounts received with respect to first mortgages on the properties and will be assumed by purchasers in the normal course of business as the properties are sold.

8. Deferred Income on Lease and on Construction Contracts

- a) The Company sold and leased back certain marine equipment during the year ended December 31, 1973. The excess of the proceeds of sale over net book value has been included in deferred income and will be taken into earnings on a straight-line basis over the term of the eight year lease. The Company has an option to repurchase for \$1,000,000 at the end of the lease period.
- b) Deferred income on construction contracts represents billings in excess of contract costs and accrued earnings to date.

9. Mortgages on Land Held for Future Development

The balances at December 31, 1973 bear interest at an average rate of 7.88% (7.86% in 1972) and are repayable as to principal approximately as follows:

1974	\$ 561,000
1975	1,120,000
1976	628,000
1977	412,000
1978 and thereafter	3,359,000
	<u>\$6,080,000</u>

10. Remuneration of Directors and Senior Officers

Remuneration of directors and senior officers from the Company and its subsidiaries for the year totalled \$428,000 (\$440,000 in 1972).

11. Pension Plan

Based upon an actuarial valuation of the Company's pension plan as at January 1, 1973, the unfunded past service liability as at December 31, 1973 amounts to approximately \$190,000. This amount will be paid and expensed by equal annual instalments over the ensuing sixteen years.

12. Gross revenue

The gross revenue including share of joint venture revenue by class of business is broken down as follows:

	1973	1972
Construction and marine dredging*	\$23,244,000	\$23,740,000
Sales of equipment and building materials	21,554,000	17,185,000
Property and housing	15,299,000	1,567,000
	<u>\$60,097,000</u>	<u>\$42,492,000</u>
	<u>\$ 4,724,000</u>	<u>\$ 7,012,000</u>

*Joint venture revenues included

13. Earnings per Share

Earnings per share have been calculated on the basis of the weighted average number of shares outstanding during the year. Exercise of options outstanding as at December 31, 1973 and December 31, 1972 (see Note 4) would not have a dilutive effect on the 1973 and 1972 earnings per share.

14. Income Taxes

Neither the Company nor any of its wholly-owned subsidiaries had any taxable income during the years ended December 31, 1973 and 1972. The principal adjustments contributing to this result vary from company to company, but may be summarized as follows:

- a) the excess of capital cost allowances available for income tax purposes in a subsidiary over the effective cost to the Company of the related assets, when the shares of the subsidiary were acquired in a prior year,
- b) costs deductible in the year for income tax purposes but recorded in a prior year as a provision for costs and losses, application of prior years' losses and deduction of available capital cost allowances not claimed in prior years. The amount of tax reduction due to these items is approximately \$1,000,000.

The application of the foregoing adjustments has reduced the total unrecorded deferred tax debit from approximately \$4,350,000 at December 31, 1972 to approximately \$2,850,000 at December 31, 1973.

15. Commitments and Contingencies

- a) The Company, through agreement with certain shareholders of Consolidated Building Corporation Limited, has agreed to purchase 490,000 common shares over a five-year period ending August 29, 1978, at a purchase price equal to the greater of \$4.00 per share or the market value per share and has been granted a right of first refusal on sale for not less than an additional 510,000 common shares. As part of the agreement, the Company has guaranteed bank loans in the amount of \$1,491,000 to the vendor. As the 490,000 common shares are acquired by the Company, the bank loan will be repaid on a pro rata basis.
- b) The Company is contingently liable for the unconsolidated share of the obligations of its commercial property joint ventures which amounted to approximately \$4,750,000 as at December 31, 1973. Against this contingent liability, the Company has a right to the related assets of the joint ventures.
- c) The long-term lease commitments of the Company consist of the marine equipment lease (see Note 8) and various leases on premises occupied by the operating divisions. The aggregate annual lease cost of these commitments is estimated to be approximately \$915,000.

16. Extraordinary item – 1972

1972 Expense	<u>\$227,000</u>
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This represents the excess cost of discontinuance of operations over that provided in 1970.

17. The 1972 figures have been reclassified to conform with the 1973 presentation.

GROSS REVENUE & EARNINGS SUMMARY 1970/73

CONSTRUCTION
& MARINE DREDGING

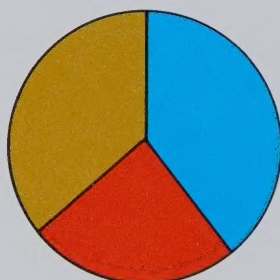
SUPPLY
GROUP

PROPERTY, HOUSING
& FINANCE

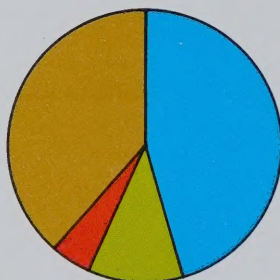
DISCONTINUED
OPERATIONS

GROSS REVENUE

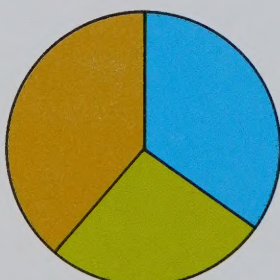
1973
\$60,097,000



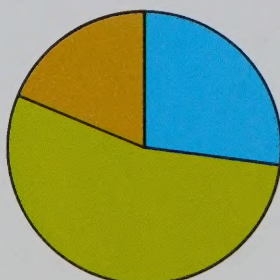
1972
\$42,492,000



1971
\$62,835,000

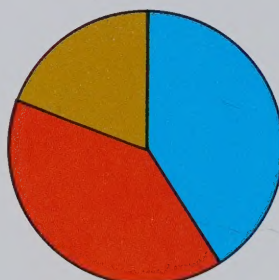


1970
\$62,572,000

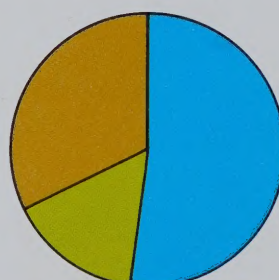


EARNINGS

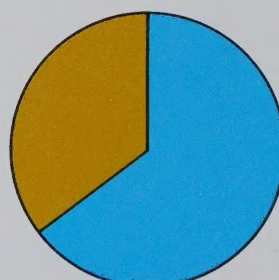
1973
\$3,215,000



1972
\$2,004,000



1971
\$1,360,000



1970
Loss (\$633,000)



CORPORATE DIRECTORY

BOVIS CORPORATION LIMITED
McNAMARA CORPORATION LIMITED
THE GENERAL SUPPLY COMPANY OF CANADA (1973) LIMITED
T.B. REALTY LIMITED
TWENTIETH CENTURY FINANCE CORPORATION LIMITED
255 Consumers Road, Willowdale, Ontario
Telephone: (416) 493-2770 Telex: 06966856

OPERATING DIVISIONS AND SUBSIDIARIES:

COMMERCIAL, RESIDENTIAL PROPERTY AND HOUSING DIVISIONS
255 Consumers Road, Willowdale, Ontario
Telephone: (416) 493-2770 Telex: 06966856

KEELE LUMBER
70 Toryork Drive, Weston, Ontario
Telephone: (416) 741-6712

McNAMARA MARINE
101 Dundas Street West, Whitby, Ontario
Telephone: (416) 668-6824

McNAMARA CORPORATION OF NEWFOUNDLAND LIMITED
P.O. Box 998, St. John's, Newfoundland
Telephone: (709) 726-1980

McNAMARA INDUSTRIES
P.O. Box 910, St. John's, Newfoundland
Telephone: (709) 368-3186

GENERAL SUPPLY AND FEDERAL EQUIPMENT
5280 Dixie Road, Mississauga, Ontario
Telephone: (416) 625-4900
175 Loretta Avenue, Ottawa, Ontario
Telephone: (613) 728-4641
895 Montée de Liesse, Montreal 377, Quebec
Telephone: (514) 341-4590
1265 de la Jonquière, Quebec City, Quebec
Telephone: (418) 683-3638

BOHNA ENGINEERING & RESEARCH INC.
801 Mahler Road, Suite G, Burlingame, California 94010
Telephone: (415) 697-6644

SOLIM DEVELOPMENT LIMITED
Limberlost Lodge, Huntsville, Ontario
Telephone: (416) 869-0965

BOVIS LIMITED
Liscartan House, 127 Sloane Street
London SW1X 9BA, England
Telephone: 01-730-0811 Telex: 51919435+
Telegrams: Bovisms, London SW1



BOARD OF DIRECTORS

R.L. BEAULIEU, Q.C.

J.N. BOTSFORD

J.S. BULL

R.A. DAVIES, Q.C.

H.G. EMERSON

R. MacTAVISH

R.F. MARTIN

H. McNAMARA

E.A. PAYNE

M. PARIS (London, England)

E.J. SPENCE

OFFICERS OF THE COMPANY

H. McNAMARA – CHAIRMAN OF THE BOARD

J.S. BULL – PRESIDENT & CHIEF EXECUTIVE

R. MacTAVISH – VICE-PRESIDENT, FINANCE

A.L. QUINLAN – VICE-PRESIDENT

R.F. MARTIN – VICE-PRESIDENT

C.L. LISTER – SECRETARY-TREASURER

B. WAY – ASSISTANT SECRETARY-TREASURER



Top to bottom:
Robert A. Davies, H. Garfield Emerson,
C. Leigh Lister

Top to bottom:
Dr. Ernest J. Spence, Ernest A. Payne,
Jack N. Botsford

